

COMMITTEE OF PRIVILEGES

(FIFTH LOK SABHA)

TWELFTH REPORT

(Presented on the 27th August, 1974)



LOK SABHA SECRETARIAT
NEW DELHI

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PERSONNEL OF THE COMMITTEE OF PRIVILEGES
(1974-75)

Dr. Henry Austin—*Chairman*

MEMBERS

2. Sardar Buta Singh
3. Shri Somnath Chatterjee
4. Shri M. C. Daga
5. Shri K. G. Deshmukh
6. Shri H. R. Gokhale
7. Shri Shyamnandan Mishra
8. Shri H. N. Mukerjee
9. Shri Chintamani Panigrahi
10. Shri K. Raghu Ramaiah
11. Dr. Shankar Dayal Sharma
12. Shri B. R. Shukla
13. Shri Maddi Sudarsanam
14. Shri Atal Bihari Vajpayee
15. Shri G. Viswanathan

SECRETARIAT

Shri Y. Sahai—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

TWELFTH REPORT OF THE COMMITTEE OF PRIVILEGES (FIFTH LOK SABHA)

I. INTRODUCTION AND PROCEDURE

1. the Chairman of the Committee of Privileges, having been authorised by the Committee to submit the Report on their behalf, present this their Twelfth Report to the House on the question of privilege raised¹ by Shri Jyotirmoy Bosu, M.P., and referred² to the Committee by the Speaker in the House on the 25th July, 1974, against Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, regarding his reported reference at the meeting of the Customs and Central Excise Advisory Council to raising of rates of indirect taxes in the Supplementary Budget, before its presentation to the House, as reported in the *Hindustan Times*, New Delhi dated the 25th July, 1974.

2. The Committee held four sittings. The relevant minutes of these sittings form part of the Report and are appended thereto.

3. At the first sitting held on the 30th July, 1974, the Committee decided to examine in person Shri Jasjit Singh and the concerned Correspondent of the *Hindustan Times*, New Delhi, who had filed the impugned news report.

4. At the second sitting held on the 6th August, 1974, the Committee examined, in person, Shri M. K. Dhar, Correspondent of the *Hindustan Times*, New Delhi, and Shri Jasjit Singh, Chairman, Central Board of Excise and Customs.

5. At the third sitting held on the 19th August, 1974, the Committee deliberated on the matter and arrived at their conclusions.

6. At the fourth sitting held on the 26th August, 1974, the Committee considered their draft Report and adopted it.

II. FACTS OF THE CASE

7. On the 25th July, 1974, Shri Jyotirmoy Bosu, M.P., raised³ a question of privilege against Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, regarding his reported reference at the meeting of the Customs and Central Excise Advisory Council to raising of rates of indirect taxes in the Supplementary Budget,

1. L.S. Deb. dt. 25-7-1974 cc. 171—87.

2. *Ibid.*

3. *Ibid.*

before its presentation to the House, as reported in the following news report published in the *Hindustan Times*, New Delhi, dated the 25th July, 1974:—

"Indirect taxes may fetch 218 cr. more

Hindustan Times Correspondent

NEW DELHI, July, 24—With the Supplementary Budget yet to come, the revenue from indirect taxes this year is expected to record a substantial increase over the Budget Estimates.

As against the estimated figure of Rs. 3,772 crores for the financial year 1974-75, actual revenue is expected to be of the order of nearly Rs. 3,990 crores, of which Central Excise would contribute Rs. 3,045 crores.

As the Supplementary Budget will definitely raise the rates of indirect taxation, the revenue from customs and excise duties during 1974-75 will be much higher than the present estimates.

The Chairman of the Central Board of Excise and Customs, Mr. Jasjit Singh, today told the Customs and Central Excise Advisory Council that the share of indirect taxes in the total tax revenue had risen to 72.4 per cent.

The Council was informed that no penal action will be taken in cases where goods imported from East European countries are found to be products of other countries. The goods will be allowed clearance provided the importation is otherwise in order.

The Government's decision follows representations from Associations and Chambers of Commerce to the effect that importations were being made in good faith and that while placing indents and opening letters of credit, it was clearly stipulated that the goods should be the manufacture of the country concerned. It was also emphasised that the importer was not at fault as the exporter gave a declaration in the certificate of origin that the goods had been manufactured in the country from which they were permitted to be imported.

The newly-constituted Council also discussed several problems regarding procedural delays and settlement of customs claims. The meeting was attended, among others, by Mr. K. K. Birla, President of the Federation of Indian Chambers of Commerce and Industry, Mr. S. K. Somaiya

of the All-India Manufacturers' Organisation and Mr. A. K. Borooah, President, Assam Tea Planters' Association.

Mr. Jasjit Singh, who presided also said that the complexities of evaluation and trade practices had forced the Government to rationalise procedures and he was happy that the Advisory Council had appreciated its difficulties and co-operated in solving the problem."

8 While raising the question of privilege, Shri Jyotirmoy Bosu stated⁴ *inter alia* as follows:—

"The Parliament is sitting, Sir, the Supplementary Budget is coming on the 31st..... In this case which concerns the Supplementary Budget, no less a person than the Chairman of the Central Board of Excise and Customs himself goes and tells, in the presence of business tycoons and profiteers like Shri K. K. Birla and so on and so forth—here comes the complication—there he goes and says, as reported in the press, that there would be a big dose of indirect taxation.

There is a clear case of breach of privilege. My request is that the matter should be sent to the Privileges Committee."

9. During the discussion on the matter in the House, the Minister of State in the Ministry of Finance (Shri K. R. Ganesh) stated⁵ *inter alia* as follows:—

"I am told that the Chairman, Central Board of Excise and Customs, did not say anything as reported in the Press. He only said about central revenues over the years and he gave a break up of that. He did not say anything about the Supplementary Budget. This information has been given to me and I thought I should place it before the House.

If you read the press report, it indicates that the first three paragraphs are the views of the press correspondent. Only in the fourth paragraph, he mentions about the Chairman having said about the total revenue having increased."

4. L.S. Deb. dt. 25-7-1974 cc. 171—87.

5. *Ibid.*

10. After some discussion in the House, the Speaker observed⁶ *inter alia* as follows:—

“No question of privilege is involved.....I have studied this very carefully this morning, and, before the Minister replied, I had my views definitely on it. After the Minister's reply even if I ignore it—the Minister's reply—and take the position as it existed before his reply, in my view, though this cannot be a subject of privilege, it could be a case of impropriety. It is highly improper.....

This Officer is sitting in his official advisory Committee..... He did not make a public statement. But he might have been discussing with his Advisory Committee, and they might have been asking questions and he might have been replying.....The Minister is denying it on behalf of the officer saying that the officer did not say that.....When I said it is not a privilege, I was about to say something.....Now after this denial much confusion has arisen. I think it is much better if it is sent to the Privileges Committee to examine it, instead of this controversy being allowed that he said this or he did not say this. I will ask them to examine it also in the light of the denial on behalf of the officer by the Minister.... Let the Privileges Committee examine it.”

III. FINDINGS OF THE COMMITTEE

11. The Committee examined in person Shri M. K. Dhar, the concerned Correspondent of the *Hindustan Times*, New Delhi, and Shri Jasjit Singh, Chairman, Central Board of Excise and Customs. The Committee also desired Shri Jasjit Singh to furnish copies of the following documents⁷ for information of the Committee:—

- (i) Resolution of the Government of India, Ministry of Finance (Department of Revenue & Insurance) dated 12th March, 1974, reconstituting the Customs & Central Excise Advisory Council.
- (ii) Dates fixed for the 19th Meeting of the Customs & Central Excise Advisory Council together with dates of intimation to the members of the Council.
- (iii) Customs Agenda—Customs & Central Excise Advisory Council (19th Meeting).
- (iv) Central Excise Agenda—Customs & Central Excise Advisory Council (19th Meeting).

6. L.S. Deb. dt. 25-7-1974 cc. 171—87.

7. See Appendices I to VIII respectively.

- (v) Transcript of the opening remarks of the Chairman, Central Board of Excise and Customs at the 19th meeting of the Customs and Central Excise Advisory Council, held on the 24th July, 1974.
- (vi) Hand-out issued by the Press Information Bureau regarding the aforesaid meeting.
- (vii) Statement showing revenue collection from 1920-21 onwards.
- (viii) Estimates of additional revenue from Central Excise and Customs duties as a result of the proposals announced by the Finance Minister on the 31st July, 1974.

12. In his oral evidence before the Committee, Shri M. K. Dhar, Special Correspondent of the *Hindustan Times*, New Delhi, who had filed the impugned news report, stated *inter alia* that the meeting of the Customs and Central Excise Advisory Council held on the 24th July, 1974, which was presided over by Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, was a closed door meeting and that he (Shri M. K. Dhar) was not present at that meeting. A hand-out⁸ about that meeting was, however, issued to the Press by the Press Information Bureau after the meeting. That hand-out made no mention of the Supplementary Budget to be presented to the House or of any proposed rates of indirect taxes.

Shri M. K. Dhar also deposed before the Committee that the first three paragraphs of his impugned news report were entirely his own contribution and were based on his own research and assessment of the Budget papers presented to the House on the 28th February, 1974 and the statements contained therein were not attributable to Shri Jasjit Singh or anyone else. The rest of the said news report was based on the hand-out issued by the Press Information Bureau after the meeting of the Customs and Central Excise Advisory Council.

13. Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, in his oral evidence before the Committee, stated *inter alia* that the meeting of the Customs and Central Excise Advisory Council held on the 24th July, 1974, was originally scheduled to be held in May, 1974, but due to the Railway strike, this meeting was postponed to the 24th and 25th July, 1974. This meeting was, thus, fixed much in advance when they were not even aware whether there would be any Supplementary Budget or not.

8. See Appendix VI.

Shri Jasjit Singh categorically stated that neither he nor anybody else had mentioned anything about the Supplementary Budget or raising of rates of indirect taxes in the Supplementary Budget at the meeting of the Central Excise Advisory Council held on the 24th July, 1974.

Referring to the impugned news report published in the *Hindustan Times*, New Delhi, Shri Jasjit Singh stated that the first three paragraphs in the report were the contribution of the Correspondent himself and only from the fourth paragraph onwards, the news report was based on the official hand-out issued by the Press Information Bureau.

14. The Committee have also perused a number of newspapers to find out whether any other newspaper made any mention of the Supplementary Budget or of raising of indirect taxes while reporting the proceedings of that meeting of the Customs and Central Excise Advisory Council. The Committee have not come across any news report, except the impugned news report published in the *Hindustan Times*, New Delhi, dated the 25th July, 1974, which made any such mention. News reports regarding the meeting of the Customs & Central Excise Advisory Council held on the 24th July, 1974, as published in certain newspapers, may be seen at Appendix IX.

15. The Committee, on the basis of the material before them, have come to the conclusion that there is no evidence to show that Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, had made any disclosure about the Supplementary Budget or had made any reference to the raising of indirect taxes in the Supplementary Budget, at the meeting of the Customs and Central Excise Advisory Council held on the 24th July, 1974.

The Committee are of the view that no question of privilege is involved in this matter.

IV. RECOMMENDATION OF THE COMMITTEE

16. The Committee recommend that no further action be taken by the House in the matter and it may be dropped.

HENRY AUSTIN,

Chairman,

Committee of Privileges.

NEW DELHI;

The 26th August, 1974.

MINUTES

I

First Sitting

New Delhi, Tuesday, the 30th July, 1974

The Committee sat from 15.00 to 15.45 hours.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Sardar Buta Singh
3. Shri Somnath Chatterjee
4. Shri M. C. Daga
5. Shri H. R. Gokhale
6. Shri Shyamnandan Mishra
7. Shri K. Raghu Ramaiah
8. Dr. Shankar Dayal Sharma
9. Shri G. Viswanathan

SECRETARIAT

Shri J. R. Kapur—*Under Secretary*.

2. The Committee considered the question of privilege raised by Shri Jyotirmoy Bosu, M.P., against Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, regarding his reported reference at the Customs and Central Excise Advisory Council to raising of rates of indirect taxes in the forthcoming Supplementary Budget, as reported in the *Hindustan Times*, dated the 25th July, 1974.

The Committee decided to examine in person Shri Jasjit Singh and the concerned Correspondent of the *Hindustan Times*, and directed that both of them might be asked to appear before the Committee on Tuesday, the 6th August, 1974, at 16.00 hours.

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The Committee then adjourned.

***Para 3 relates to another case and has according been omitted.

II

Second Sitting

New Delhi, Tuesday, the 6th August, 1974.

The Committee sat from 16.00 to 17.55 hours.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Shri Somnath Chatterjee
3. Shri M. C. Daga
4. Shri K. G. Deshmukh
5. Shri H. R. Gokhale
6. Shri Shyamnandan Mishra
7. Shri H. N. Mukerjee
8. Shri Chintamani Panigrahi
9. Shri K. Raghu Ramaiah
10. Dr. Shankar Dayal Sharma
11. Shri B. R. Shukla
12. Shri Maddi Sudarsanam
13. Shri Atal Bihari Vajpayee

SECRETARIAT

Shri Y. Sahai—*Deputy Secretary*.

Shri J. R. Kapur—*Under Secretary*.

WITNESSES

1. Shri M. K. Dhar,
Correspondent, *The Hindustan Times*, New Delhi; and
2. Shri Jasjit Singh,
Chairman, Central Board of Excise and Customs, New Delhi.

2. The Committee took up consideration of the question of privilege raised by Shri Jyotirmoy Bosu, M.P., against the Chairman,

Central Board of Excise and Customs, regarding his reported reference at the Customs and Central Excise Advisory Council to raising of rates of indirect taxes in the Supplementary Budget, as reported in the *Hindustan Times*, dated the 25th July, 1974.

3. Shri M. K. Dhar, the *Hindustan Times* Correspondent who had filed the impugned news report, was called in and examined by the Committee on oath (*Verbatim record was kept*).

(The witness then withdrew)

4. Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, was then called in and examined by the Committee on oath. (*Verbatim record was kept*).

(The witness then withdrew).

The Committee then adjourned.

III

Third Sitting

New Delhi, Monday, the 19th August, 1974.

The Committee sat from 16.00 to 16.30 hours.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Sardar Buta Singh
3. Shri M. C. Daga
4. Shri K. G. Deshmukh
5. Shri Shyamnandan Mishra
6. Shri H. N. Mukerjee
7. Shri Chintamani Panigrahi
8. Shri K. Raghu Ramaiah
9. Shri Atal Vihari Vajpayee

SECRETARIAT

Shri Y. Sahai—*Deputy Secretary*.

Shri J. R. Kapur—*Under Secretary*.

2. The Committee deliberated on the question of privilege raised by Shri Jyotirmoy Bosu, M.P., against Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, regarding his reported reference at the Customs and Central Excise Advisory Council to raising of rates of indirect taxes in the Supplementary Budget as reported in the *Hindustan Times*, dated the 25th July, 1974.

3. The Committee observed that Shri M. K. Dhar, the concerned press Correspondent of the *Hindustan Times*, who had filed the impugned news report, had deposed in his oral evidence before the Committee that the first three paragraphs of his news report were based on his own research and assessment and the statements contained therein were not attributable to Shri Jasjit Singh or any one else. Shri Jasjit Singh, in his oral evidence before the Committee, had also denied that he had made any reference to the Supple-

mentary Budget or raising of rates of indirect taxes at the Customs and Central Excise Advisory Council meeting held on the 24th July, 1974.

4. The Committee, on the basis of the evidence which had come before them, came to the conclusion that there was no evidence that Shri Jasjit Singh had made any disclosure about the Supplementary Budget or had made any reference to the raising of indirect taxes in the Supplementary Budget. The Committee were of the view that no question of privilege was involved in the matter. The Committee decided to recommend to the House that the matter be dropped.

5. The Committee decided to meet again on the 26th August, 1974, to consider their draft report on the matter.

The Committee then adjourned.

IV

Fourth Sitting

New Delhi, Monday, the 26th August, 1974.

The Committee sat from 10.30 to 11.15 hours.

PRESENT

Dr. Henry Austin—*Chairman.*

MEMBERS

2. Shri Somnath Chatterjee
3. Shri M. C. Daga
4. Shri K. G. Deshmukh
5. Shri Shyamnandan Mishra
6. Shri H. N. Mukerjee
7. Shri Chintamani Panigrahi
8. Dr. Shankar Dayal Sharma
9. Shri Maddi Sudarsanam
10. Shri Atal Bihari Vajpayee

SECRETARIAT

Shri J. R. Kapur—*Under Secretary.*

2. The Committee considered their draft Twelfth Report on the question of privilege raised by Shri Jyotirmoy Bosu, M.P., against Shri Jasjit Singh, Chairman, Central Board of Excise and Customs, regarding his reported reference at the meeting of the Customs and Central Excise Advisory Council to raising of rates of indirect taxes in the Supplementary Budget, before its presentation to the House, as reported in the *Hindustan Times*, New Delhi, dated the 25th July, 1974. The Committee adopted the draft Report with the modification that in the first line of para 15 of the draft Report, for the word "evidence", the word "material" be substituted.

3. The Committee authorised the Chairman and, in his absence, Shri H. N. Mukerjee, to present their Twelfth Report to the House on the 27th August, 1974.

4. The Committee decided to hold their next sittings on the 30th September, 1st, 21st and 22nd October, 1974, to consider the matters pending before them.

The Committee then adjourned.

**MINUTES OF EVIDENCE TAKEN BEFORE THE COMMITTEE
OF PRIVILEGES**

Tuesday, the 6th August, 1974

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Somnath Chatterjee
3. Shri M. C. Daga
4. Shri K. G. Deshmukh
5. Shri H. R. Gokhale
6. Shri Shyamnandan Mishra
7. Shri H. N. Mukerjee
8. Shri Chintamani Panigrahi
9. Shri K. Raghu Ramaiah
10. Dr. Shankar Dayal Sharma
11. Shri B. R. Shukla
12. Shri Maddi Sudarsanam
13. Shri Atal Bihari Vajpayee

SECRETARIAT

Shri Y. Sahai—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

WITNESSES

1. Shri M. K. Dhar,
Correspondent, the *Hindustan Times*,
New Delhi; and
2. Shri Jasjit Singh,
Chairman,
Central Board of Excise and Customs,
New Delhi.

(The Committee met at 16.00 hours)

(i) **Evidence of Shri M. K. Dhar, Correspondent of the
Hindustan Times, New Delhi**

MR. CHAIRMAN: Mr. Dhar, you may kindly take the oath before we begin taking the evidence.

SHRI M. K. DHAR: I, M. K. Dhar, do swear in the name of God that the evidence which I shall give in this case shall be true, that I will conceal nothing and that no part of my evidence shall be false.

MR. CHAIRMAN: Are you the Delhi Correspondent of the *Hindustan Times* or

SHRI M. K. DHAR: Yes. I am one of the Special Correspondents.

MR. CHAIRMAN: How long have you been the Correspondent of this paper?

SHRI M. K. DHAR: About twelve years.

SHRI ATAL BIHARI VAJPAYEE: Mr. Dhar, you know what happened in the House. You are aware of the discussions in the House and you are also aware that the issue has been referred to the Privileges Committee. If you like, you may make some preliminary observations. Then, we can ask questions.

SHRI M. K. DHAR: The whole issue arose out of a report based on the meeting of the Customs and Central Excise Advisory Council, held in Delhi. No Pressman was allowed as is usual in such cases; but a Press Note was issued after the meeting, giving whatever information the Government thought, was proper. As I saw this hand-out, one or two points struck me as relevant to the present situation. The hand-out said:

"Inaugurating the meeting, Mr. Jasjit Singh, Chairman of the Central Board of Excise and Customs outlined the rapid strides made in the field of indirect taxation in the country. An idea of this expansion can be had from the fact that the share of indirect taxes now has grown to 72.4 per cent of the total taxation.

Customs and excise which yielded only Rs. 157 crores in 1950-51, he pointed out, had after 20 years in 1970-71, contributed Rs. 2282 crores to the Central exchequer. This contribution had increased further and stood at Rs. 3684 crores last year. During 1974-75, it is estimated that customs and excise will yield Rs. 3981 crores, of which Central excise would contribute Rs. 3045 crores.

This paragraph interested me and I thought I should do some research from my own budget papers and find out as to what was the estimated figure in the budget and the impact it will have. I also had, in the background, Government's announcement in the Lok Sabha that a supplementary budget would be presented. There was also a talk that there was a mounting deficit in the current year's budget to contain which the Government was expected to enhance taxation and bridge the budgetary gap. It was more or less known to everybody. On that basis, I proceeded further. The actual figures showed some increase over the budget papers due probably to better realization. I took some old budget papers, probably "Budget at a glance." The figure for customs was Rs. 916 crores and that for excise Rs. 2852.94 crores. Maybe, there is a difference of Rs. 2 crores or Rs. 3 crores, which is not much. I took the figure given here, viz. Rs. 3772 crores and put it here. I think I have got this figure from another set of budget papers. This was one basic figure of the expected revenue during the budget 1974-75 from customs and Union excise duties, given in the budget papers. This hand-out says:

"customs and excise will yield Rs. 3981 crores."

It is not very clear; but I think this figure is on these lines. Maybe I was wrong; but from my calculations it seemed that there was going to be some increase in the realization from customs and excise duties. I think I had checked it with another set of budget papers. I rounded it off and put it at Rs. 3990 crores, whereas it was Rs. 3981 crores. I have now explained the little research work that I had done on the basis of the hand-out.

In my report, I had said:

"With the supplementary budget yet to come, the revenue from indirect taxes this year is expected to record a substantial increase over the budget estimates."

I have also said:

"As against the estimated figure of Rs. 3772 crores for the financial year 1974-75, the actual revenue is expected to be of the order of Rs. 3990 crores, of which Central excise would contribute Rs. 3045 crores."

The revenue from customs and excise will be much higher than the present estimates. The first 3 paragraphs are my own statement, apart from what had happened in the Parliament, where advance intimation was given that a supplementary budget was coming. Two committees were set up, one headed by the Cabinet Secretary

and another by the Secretary, Economic Affairs to suggest ways of pruning Plan and non-Plan expenditure. Then there was a discussion between the Finance Ministry and the Planning Commission as to how to raise additional resources and to cover the budgetary gap. It was well known and there was so much talk that we should try to curb conspicuous expenditure which means that tax should be levied on luxury items. These 3 paragraphs are inferential i.e., based on my personal information. The rest of the report is based more or less on the hand-out given to us. Since I was not present at the meeting, it is customary to quote the source, viz., Mr. Jasjit Singh. After paragraph 4, it is the statement of Mr. Singh, as given to us officially in this hand-out.

SHRI CHINTAMANI PANIGRAHI: Have we to infer that it is his own surmise?

MR. CHAIRMAN: We will go into it later on.

SHRI M. K. DHAR: I presume you are having a copy of the hand-out. If you want I can give the same to you.

(A copy of the hand-out was passed on to the Secretary of the Committee)

I have quoted whatever had been given by Shri Jasjit Singh and what has not been quoted is my own assessment and statement.

SHRI H. R. GOKHALE: Whatever was given by you was an intelligent guess-work.

SHRI M. K. DHAR: That is what we do generally.

SHRI MADDI SUDARSANAM: Were you present in the meeting that was conducted for the purpose?

SHRI M. K. DHAR: That was a closed door meeting. I was not present.

SHRI MADDI SUDARSANAM: Is that hand-out a signed document?

SHRI M. K. DHAR: It is not signed.

It is a public document and public property and whatever I have taken from that hand-out has been given by me within quotation and whatever is my personal contribution has not been given within quotation.

SHRI SHYAMNANDAN MISHRA: Am I right in inferring that the figures given by you in the Paper were an intelligent guess? But there was some basis to arrive at those figures. You compared with the figures given in the Budget at a glance. In the hand-out it is

mentioned that during 1974-75 the Customs and Excise figures will be Rs. 3990 crores. What is the figure in 'Budget at a Glance'?

SHRI M. K. DHAR: Rs. 3769. This is my calculation.

SHRI SHYAMNANDAN MISHRA: Central Excise—4345. What is the comparable figure?

SHRI M. K. DHAR: 2853. It is as in February.

SHRI SHYAMNANDAN MISHRA: It is indeed very natural that when one is confronted with the new figure, one likes to compare that with the old one. There was some basis for your being curious to know the figure given in the Budget at a Glance.

SHRI M. K. DHAR: I have worked out the figures given in the hand-out. But it has no relation with the first para of my story. I have mentioned the words 'Supplementary Budget yet to come'. If I had known the exact figures, I would not have said like that.

SHRI SHYAMNANDAN MISHRA: Your speculative observation is based on the figures given in the hand-out released to the Press.

SHRI M. K. DHAR: Yes.

SHRI CHINTAMANI PANIGRAHI: Here is a sentence—'Supplementary Budget will raise the rates of indirect taxation'. Did you get that from the hand-out?

SHRI M. K. DHAR: I have never said that. This is my own assessment.

SHRI SHYAMNANDAN MISHRA: With the figures available in the Budget at a Glance, he could guess that. As a student of Parliamentary Affairs I would have certainly gone through the Budget at a Glance to compare the figures. That is very natural.

SHRI M. K. DHAR: Supposing I would have written only the first three paragraphs and not the rest, then I would have taken the entire responsibility on myself. Nobody—Chairman, etc., would have come in.

SHRI SHYAMNANDAN MISHRA: That is very good of you.

SHRI M. K. DHAR: That story would have stood by itself. In Journalism we call it padding. Probably, I could have ended the story with the three paragraphs. Clubbing together of these two things has taken this form.

SHRI SHYAMNANDAN MISHRA: The basic thing is now clear. I do not have to ask any further question from him.

SHRI SOMNATH CHATTERJEE: Who prepared the headline?

SHRI M. K. DHAR: That is done in the office by the Sub-Editor. We do not make the headline.

SHRI SOMNATH CHATTERJEE: Do they make calculations also?

SHRI M. K. DHAR: He has subtracted one figure from the other only.

SHRI SOMNATH CHATTERJEE: You have referred to the 'present estimate' in the third paragraph.

SHRI M. K. DHAR: This is as I got from the budget papers.

SHRI SOMNATH CHATTERJEE: What was given out in the hand-out as the expected increased figure?

SHRI M. K. DHAR: I think, it is 3981 or something and I rounded it up to 3990 crores.

SHRI SOMNATH CHATTERJEE: Could not one get an impression from this hand-out that the figure of 3981 was being mentioned as the final amount that would be realizable not on the basis of better performance of recovery of tax alone, but also on the basis of expected increased taxes?

SHRI M. K. DHAR: I do not think so, Sir. Maybe that I have mis-read the figure. The budget at a glance is meant for a layman. I have mentioned the budget 'yet to come'. It is only an estimate; actual will be known latter.

SHRI B. R. SHUKLA: You are a journalist of long experience. Do you agree that your method of reporting like this creates an impression that the whole thing has emanated from an official source?

SHRI M. K. DHAR: I do not think so, Sir.

SHRI B. R. SHUKLA: Till you were examined and you clarified the position before this Committee, the impression on the perusal of the entire statement was that the whole thing had been briefed by the Chairman of the Board of Central Excise & Customs.

SHRI M. K. DHAR: With due respect, I would not say so. The portion relating to the Chairman of the Board, I treat, is a padding for my story, which is entirely my own.

SHRI B. R. SHUKLA: You have said that the supplementary budget would definitely raise the indirect taxation. How were you so sure on a matter like this?

SHRI M. K. DHAR: There have been many Government pronouncements that they want to curb the conspicuous consumption, and the only method is to put excise duties etc.

SHRI H. N. MUKERJEE: Were you present in this meeting?

SHRI M. K. DHAR: No, Sir. It was a closed-door meeting; we only got this hand-out.

SHRI H. N. MUKERJEE: Did you come to know from any other source in regard to the mind of the people who were present in the meeting?

SHRI M. K. DHAR: No, Sir.

SHRI H. N. MUKERJEE: Therefore, the story put out by you is, more or less, built up on the basis of the hand-out. You have no information as to what exactly the Chairman of the Central Board of Excise said?

SHRI M. K. DHAR: Not beyond what is given here.

SHRI H. N. MUKERJEE: All these statements about the likelihood of rise in incidence of indirect taxes etc. were made out from the hand-out and there is no statement which can be positively attributed to any person that you know of.

SHRI M. K. DHAR: No, Sir. What I have said in paragraph 4 is given in the hand-out. And that is that Mr. Jasjit Singh has said something about the quantum of increase etc.

SHRI H. N. MUKERJEE: The story which you have put out cannot be positively attributed to anybody who participate in this meeting.

SHRI M. K. DHAR: My story is based on the hand-out and my padding.

SHRI M. C. DAGA: Had Mr. Jasjit Singh a talk with you after 25th July, 1974?

SHRI M. K. DHAR: I met him only today. I have never met him before.

SHRI M. C. DAGA: Did you talk to him about this matter?

SHRI M. K. DHAR: No, Sir.

SHRI M. C. DAGA: Did any officer of the Excise Department meet you?

SHRI M. K. DHAR: No, Sir.

SHRI M. C. DAGA: Had you a talk with Shri Jyotirmoy Bosu about this matter?

SHRI M. K. DHAR: No, Sir.

SHRI M. C. DAGA: Were you in the House when this matter was raised?

SHRI M. K. DHAR: No, Sir.

SHRI K. G. DESHMUKH: It seems, the whole confusion has been because of your padding the news. As an experienced correspondent, I would ask you, whether you would be little cautious in future before giving your padding to the news.

SHRI K. G. DESHMUKH: (ed.) You are working as a journalist for the last twelve years. The whole question has come up out of your fourth paragraph. So I would like to request you to be cautious while giving out your news. This gives the impression that the Chairman has leaked out the budget.

SHRI M. K. DHAR: I cannot say anything about that.

SHRI K. G. DESHMUKH: You are an experienced correspondent and you should be cautious about giving out things like that.

SHRI M. K. DHAR: I have taken whatever precautions I could.

SHRI CHINTAMANI PANIGRAHI: You have said in your third paragraph that "the Supplementary Budget will definitely raise the rates of indirect taxation". How did you come to know of the 'definiteness' of it?

Shri M. K. DHAR: As I have said, there has been so much discussion going on over this issue; it has come up in various Committees that we will have to curb consumption, and the only way of curbing consumption is by putting excise duties. Sometimes, one has to take a little liberty with oneself, but that is beside the point.

MR. CHAIRMAN: When you made these remarks, after giving a statement of fact based on this hand-out, did you not the feeling that it would be interpreted only as some kind of a conjecture intended to throw some light on the forthcoming budget?

SHRI M. K. DHAR: As I have said, my imagination was excited by one or two figures given here and I thought, why not just say something of my own, since figures were given that indirect taxes will come to 72.4 per cent, etc. If I had just ended with the first three paragraphs of my story, perhaps there would have been no trouble, but I wanted to use one or two figures based on the figure

quoted. These things happen; you cannot print separate stories about the same thing; you will have to club and summarise things, and sometimes this leads to such impressions.

DR. SHANKAR DAYAL SHARMA: Are you not glad that you made this guess?

SHRI M. K. DHAR: I am glad, but I have made such a guess even before; this is not the only time. Probably this story got less prominence because only a few days ago I gave out another story about inflation and so on—where I conjectured a figure of 200 crores and it was actually about 215 crores.

DR. SHANKAR DAYAL SHARMA: Do not such remarkable guesses entitle the Correspondents to some commendations from the Editors?

SHRI M. K. DHAR: Well, not unless it is very substantial. If we can identify the commodities and things like that, then of course, he commends; but I don't think that this is a very big story that I have written in my life. At least, for this particular story I was not given any praise.

(The witness then withdrew).

(Shri Jasjit Singh, Chairman, Central Board of Excise and Customs was then called in).

(ii) Evidence of Shri Jasjit Singh, Chairman, Central Board of Excise and Customs.

MR. CHAIRMAN: You may kindly take your oath.

SHRI JASJIT SINGH: I, Jasjit Singh, do swear in the name of God that the evidence which I shall give in this case shall be true, that I will conceal nothing and that no part of my evidence shall be false.

MR. CHAIRMAN: You are the Chairman of the Central Board of Excise and Customs?

SHRI JASJIT SINGH: Yes. Sir.

MR. CHAIRMAN: For how long have you been there?

SHRI JASJIT SINGH: From the end of January 1972.

MR. CHAIRMAN: Perhaps, in that capacity, you are Chairman of the Central Excise Advisory Council also?

SHRI JASJIT SINGH: No, Sir. According to the constitution, the Chairman of that body is the Finance Minister himself. But,

usually, the Council meets for two days and most of the items on the agenda are gone through by the Members and Chairman of the Board on the first day and somebody has to preside over that session of the Council. Those items which the Members think important enough to be discussed in the presence of the Finance Minister, are taken up the next day when the Finance Minister himself presides. He is the Chairman of the Council as such.

MR. CHAIRMAN: There was a meeting of the Central Excise Advisory Council on the 24th July?

SHRI JASJIT SINGH: Yes, on the 24th and 25th.

MR. CHAIRMAN: Were you taking part in the meeting?

SHRI JASJIT SINGH: Yes, Sir. I was taking part in the meeting on the 24th July.

SHRI CHINTAMANI PANIGRAHI: When was this meeting first fixed?

SHRI JASJIT SINGH: Originally this was fixed sometime in May. But due to railway strike this meeting had to be postponed because there were some requests from some members. Later on a fresh date was given and then it was fixed on 24th and 25th July.

SHRI CHINTAMANI PANIGRAHI: Did you know then that the supplementary budget was to be announced on 31st July 1974?

SHRI JASJIT SINGH: This meeting was fixed much in advance because we have to normally give them 4 to 6 weeks notice. So, we were not aware whether there would be a supplementary budget or not.

SHRI SHYAMNANDAN MISHRA: Who are the Members of the Council?

SHRI JASJIT SINGH: I will give you the Constitution of the Council, Sir. This Council is reconstituted every second year. Now on a resolution dated 12th March, this particular Council was set up. This is an official resolution and is published in the Gazette of India. The Chairman is the Finance Minister, Vice Chairman is the Minister of Revenue and Expenditure and two Members of Parliament are also there.

SHRI SHYAMNANDAN MISHRA: Can I know the names of the Members of Parliament?

SHRI JASJIT SINGH: Shri Bayapa Reddy, Member of Lok Sabha and Shri S. K. Shilla, Member of the Rajya Sabha. And there are 6 ex-Officio Members. They are: The President of the Federation of the Indian Chamber of Commerce and Industry,

Vice President of the Federation of Indian Chamber of Commerce and Industry, President of the Associated Chamber of Commerce and Industry, President of the All India Manufacturers' Organisation, President of the All India Importers Association, President of All India Exporters Chamber. These six office bearers are always there, no matter who they are. Then not less than 7 people are to be nominated by the Government of India from time to time and here they nominated 7 people. They are:

SHRI K. V. RATNAM from Guntur.

SHRI A. R. BHATT, Founder President of Association of Small Scale Industries.

MR. CHAIRMAN: Please send a copy of this Constitution to this Committee.

SHRI SHYAMNANDAN MISHRA: Now, can you tell whether these two Members of Parliament happened to be in that meeting?

SHRI JASJIT SINGH: No, Sir. On the 25th one Member came and on 24th they were not there.

SHRI SHYAMNANDAN MISHRA: Now, could you give the agenda of the meeting?

SHRI JASJIT SINGH: Yes, Sir.

SHRI SHYAMNANDAN MISHRA: Could you kindly indicate broadly the items of agenda?

SHRI JASJIT SINGH: There were as many as 45 items on the Customs side and 38 items on Central Excise side.

SHRI SHYAMNANDAN MISHRA: Can you give a copy of the list of these items?

SHRI JASJIT SINGH: Yes, Sir, I will furnish this.

SHRI SHYAMNANDAN MISHRA: What was the duration of this meeting?

SHRI JASJIT SINGH: This meeting was held in the morning between 10.00 A.M. and 1.00 P. M. on 24th and we completed the items on the Customs side and on the same day between 3.00 PM and 5 PM we completed the items on the Central Excise side. The next day only one or two important items which were left out were discussed. Then the Finance Minister came and addressed the meeting at about 4.00 PM and that lasted for about an hour or so.

SHRI SHYAMNANDAN MISHRA: Now, the Council itself takes the stock of collection of the revenue.

SHRI JASJIT SINGH: As I said, this was a re-constituted Council. Most of its Members were new. Therefore, while welcoming them in my opening address, I tried to give them a little background and told them that "you, gentlemen, are Members of the Forum which collects for the Government of India as much as 72.4 per cent. of the total tax revenue" and I gave them the figures of the past collection. In fact, they are printed figures and later on in the day, at their request, copies of these figures were also furnished.

SHRI SHYAMNANDAN MISHRA: Did you release any hand-out to the Press?

SHRI JASJIT SINGH: I came to know of it afterwards because this question was raised in Parliament. Then I called on telephone our P.I.B. Officer and enquired from him whether any Press man was present at that time. He has written to me to confirm that no member of the Press was present on that day and that official hand-out was given to the Press by the Press Information Bureau of the Finance Ministry at the end of the day's proceedings. In fact, I have got his original letter.

SHRI SHYAMNANDAN MISHRA: Now, in this hand-out some figures were given. Do you agree with these figures?

SHRI JASJIT SINGH: I found that in one or two figures there was a slight discrepancy from the figures which I was reading on that day.

SHRI SHYAMNANDAN MISHRA: In the hand-out there are certain figures given. Are those figures given after you had checked them up or you gave those figures on your own?

SHRI JASJIT SINGH: I did not. I did read figures for some years which were from 1920-21 onwards and I did not read all those figures. I earmarked a few years which I thought were important. So far as the final estimate for 1974-75 was concerned, the figures given in the hand-out were entirely correct.

I find that there are typographical errors in the figures of the earlier one or two years.

SHRI SHYAMNANDAN MISHRA: How do you compare the figure of 398 which was given in the Budget?

SHRI JASJIT SINGH: The Finance Minister made his Budget speech on 28th February, 1974, and in that speech, he had made it

quite clear what the ultimate estimated figure would be. After reading the article of that correspondent, what I find is that perhaps he has taken 1974-75 figure in two stages. The first stage is that at the then existing rates what will be the figure of 1974-75. Thereafter, he has presumably not added what were the new levies. I have also got a copy of "The Hindustan Times" dated 1st March which gives the precise figure of 3981 crores. So, to that extent, the correspondent has gone wrong somewhere and perhaps he has not added the fresh levies which the February Budget of the Finance Minister had imposed. So, the correct estimated figure would be at the existing rate plus the new levies. All the papers have reported it on 1st March, 1974. If you like, I can pass on this copy to you.

MR. CHAIRMAN: What do you say about the reporting in The Hindustan Times?

SHRI JASJIT SINGH: The first three paragraphs are quite clearly his own. But, so far as these paragraphs are concerned, I think, there are factual errors.

SHRI SOMNATH CHATTERJEE: In the report, where has he said that the first three paragraphs are not his own? Is that guess?

SHRI JASJIT SINGH: It is very evident. I would submit that this honourable Committee may call for the press cuttings of other papers. This is the only paper (The Hindustan Times) where this additional information has been given. Perhaps he wanted to give this additional information to his readers. In The Hindustan Times, on the top of this news item, because he has made some contribution, the source mentioned is "Hindustan Times Correspondent"; But, unfortunately, in making that contribution, he has gone wrong in some statistical data. Firstly, on the top, he has mentioned that indirect taxes may fetch Rs. 218 crores more. I would like to explain that is completely off the mark. In the second paragraph, it says, "As against the estimated figure of Rs. 3772 crores for the financial year 1974-75, the actual revenue is expected to be of the order of nearly Rs. 3990 crores." He is calculating this estimated budget quite wrongly and that is not my guess work. What I am venturing to suggest is that how he has gone wrong. He has gone wrong because he has not calculated and added the new levies. Perhaps he might have consulted the explanatory memorandum. So, I have got nothing to say about this correspondent, because in no way he misquotes me.

✓ Sir, with your permission, I would like to place before you one or two things. (1) The proceedings of the House had been for-

warded to me when I got this notice to appear before this honourable Committee. I do not know if you have got the copy before you. Some misunderstanding or confusion which has occurred is clear if you see this paragraph where it has been stated "I just want to make a submission. There is a news item in the Hindustan Times which says: "The Chairman of the CB of Excise & Customs, Mr. Jasjit Singh, today told the Customs and CEAC that the share of indirect taxes in the total tax revenue had risen to 72.4 per cent. The Council was informed that no penal action would be taken etc. etc." The paragraph 4 of the news item also says it and that is quite correct. Then there is a line: "Then he said" which suggests that I also said: "As the supplementary budget will definitely raise the rate of indirect taxation, the revenue from Customs and Excise Duties during 1974-75 will be much higher than the present estimate." I have never said this and the paper also says nowhere that I said this.

SHRI SOMNATH CHATTERJEE: It is not for the witness to make any comments on the paragraphs of the hon. Member's speech. It is for us to say what we like to say.

MR. CHAIRMAN: I think he can point out the contradictions, if any.

SHRI SOMNATH CHATTERJEE: What he says is that the hon. Members might have misunderstood the matter. That is how he has put it. That is not the matter.

MR. CHAIRMAN: He is trying to make his statement. We have also asked the earlier witness to make his statement.

SHRI JASJIT SINGH: This matter has somehow received a wide publicity; I have been called here to defend myself. This document has been sent to me by the Lok Sabha Secretariat. I am venturing to say that I am not making any comments on the paragraphs. I am just reading them out to you because it has been suggested here that I have said that. All I am saying is that I have never said that; I further say that the newspaper also says that I have not said. The newspaper also does not say that I have said that (para 3 of news item). But, from para 4 of news item, what has been quoted agrees with what I have said at the meeting.

SHRI CHINTAMANI PANIGRAHI: You said you made an opening speech at the meeting?

SHRI JASJIT SINGH: I made a few opening remarks to welcome the Members.

SHRI CHINTAMANI PANIGRAHI: You read it out?

SHRI JASJIT SINGH: I usually do not speak from a prepared text. But, I always have some points made out.

SHRI CHINTAMANI PANIGRAHI: I think there should have been somebody who took down notes.

SHRI JASJIT SINGH: Stenographers are always present there. Also this official Press release, or the hand-out, was given by the Press Information Bureau at the end of the day summing up briefly the points made out at the meeting.

SHRI CHINTAMANI PANIGRAHI: Kindly answer my question. It was an *extempore* speech which you made at the meeting and notes have been taken of that *extempore* speech, and based on that, the briefing was made....

SHRI JASJIT SINGH: Notes have been taken not only of the opening remarks but the Stenographers were there throughout the day.

SHRI CHINTAMANI PANIGRAHI: Would you kindly submit, the minutes of the meeting and your opening speech as taken note of, to this Committee?

SHRI JASJIT SINGH: So far as the opening remarks are concerned, there will be no difficulty in sending it. But, in regard to the minutes relating to the whole agenda, it will take a little time. I have with me here the relevant minutes. What I have said in the beginning and what has been quoted, it is all with me. But, I have nothing with regard to all those 40 items and other 38 items.

MR. CHAIRMAN: You can give a copy of your opening observations to the Committee.

SHRI JASJIT SINGH: Once this question was raised in the Parliament, I have taken care not to read what I have said nor asked the stenographers to give me the text. The Joint Secretary concerned has sent this to me, about half an hour back, when I was coming to the meeting. I have not fully read it also. But, I can furnish it to you.

SHRI SOMNATH CHATTERJEE: Mr. Singh, in the hand-out, it appears, you have said:

"The contribution of customs and excise duty had increased further and stood at Rs. 3684 crores last year."

SHRI JASJIT SINGH: I shall have to find out. At one or two places, he has mis-quoted or I must say.....

SHRI SOMNATH CHATTERJEE: It appears you have said that.

SHRI JASJIT SINGH: This figure for 1973-74, so far as customs and excise duties are concerned, is Rs. 3608.04 crores.

SHRI SOMNATH CHATTERJEE: Therefore, the figure given in the hand out is not correct?

SHRI JASJIT SINGH: He has not perhaps entirely.....

SHRI SOMNATH CHATTERJEE: It should be Rs. 3608.04 crores?

SHRI JASJIT SINGH: Yes. He has perhaps mixed up the figures. But, I have mentioned this also to the Council that these figures were based on our revised budget estimates. Actual collection figures are still to come because the year has ended only on 31st March. Therefore, these were revised budget estimates framed for that year.

SHRI SOMNATH CHATTERJEE: These figures which you have just now given, were the revised figures and not the actual collection?

SHRI JASJIT SINGH: First, we frame the Budget estimates. Then, before the end of the year, we frame the revised Budget Estimates. Actuals had still not come. This was made clear to the Council and they were told that they were the revised Budget estimate figures. The year has ended only on 31st March, 1974.

SHRI SOMNATH CHATTERJEE: About four months before, this hand out was issued. The final Budget came out four months before.

SHRI JASJIT SINGH: These are figures which.....

SHRI SOMNATH CHATTERJEE: I am not making any comment. Don't try to find out something which is not there. So far as the figure in the next item is concerned, can you give us an idea, wherefrom this figure of Rs. 3772 crores was given?

SHRI JASJIT SINGH: The one which appears in the news item? But, that is not our figure.

SHRI SOMNATH CHATTERJEE: Can you give us an idea, wherefrom this could have been given?

SHRI JASJIT SINGH: All I can say is this. This printed statement (giving figures of revenue from 1920-21 onward)—if you like, I will give a copy of this to the Committee—it was also given to the members of the Advisory council who were repeatedly asking

about the figures and so this was given to them. For 1974-75, the figure that has been shown is Rs. 3768.94 crores. If he had given that figure, I could have understood it. Underneath this has been given, the figure of Rs. 212.02 crores, which is the revenue effect of fresh levies. If we add these two, total comes to Rs. 3980.96 crores which I make it as Rs. 3981 crores.

If he had given this figure of Rs. 3678.94 crores, then, it would mean that he has missed to add about Rs. 212 crores.

SHRI SOMNATH CHATTERJEE: This Rs. 3678.94 crores represents which figure?

SHRI JASJIT SINGH: This figure was for 1974-75, at the then existing rates, without adding to it the effect of fresh levies which were announced by the Finance Minister on 28th February, 1974.

SHRI SOMNATH CHATTERJEE: If there had been no increase in the levy in the February Budget, that would have been the estimated figure of realisation.

SHRI JASJIT SINGH: Underneath this figure, has been given the fresh figure of Rs. 212.02 crores. That makes a total of Rs. 3980.96 crores. I started by saying this that my own feeling is that this gentleman did not add the fresh levies. The figure was available to him on the First of March even in his own paper (Hindustan Times).

SHRI SOMNATH CHATTERJEE: Therefore, am I to understand from your evidence that this figure of Rs. 3981 crores represents the revised estimates including the proposed levies already imposed?

SHRI JASJIT SINGH: This is the final printed estimated Budget figure for 1974-75 at that time. It has no reference whatsoever to anything which would be forthcoming.

SHRI SOMNATH CHATTERJEE: Do you meet the Press after such meetings because these are supposed to be important meetings?

SHRI JASJIT SINGH: Mostly, we discuss procedural things.

SHRI SOMNATH CHATTERJEE: These are not of much importance?

SHRI JASJIT SINGH: The main difficulty of the Customs and Excise Department with the trade and vice-versa is in regard to procedures. In such meetings, mostly they refer to procedural difficulties, that they are time consuming and that they should be simplified

and rationalised, etc. This is the main demand. One or two points which are otherwise of importance are also highlighted, East European angle, for instance.....

SHRI SOMNATH CHATTERJEE: I take it that ordinarily it is not necessary for the Council to discuss the total amount of realisation of taxes.

SHRI JASJIT SINGH: In my opening remarks, I indicated this just to impress upon them that this forum, on which they have been nominated, is an important forum, a very responsible forum and the matters that are discussed therein, like rationalisation of procedures etc., have far-reaching effect and impact.

MR. CHAIRMAN: Considering the fact that the Advisory Council consists of representatives of trade, industry as well as Members of Parliament and others, you should have had your own machinery for giving out the hand out instead of letting it come through the Press Information Bureau?

SHRI JASJIT SINGH: PIB is attached to almost every Ministry. We are not particularly wanting to have the Press in, since these are not meetings which are open to the Press.

MR. CHAIRMAN: Don't you think that it is necessary to consult your organization in the preparation of the hand-out?

SHRI JASJIT SINGH: I agree that the PIB should have shown it to some officer of the Board before issuing it.

MR. CHAIRMAN: You should have taken reasonable caution to see that correct figures are given.

SHRI JASJIT SINGH: I gave copies for open circulation of the printed figures.

DR. SHANKAR DAYAL SHARMA: What will be your preliminary figure in regard to the estimate.

SHRI JASJIT SINGH: The Finance Minister announced it. It is something like Rs. 236 crores. I am speaking from memory. That is the total, if I remember correctly, for the full year.

DR. SHANKAR DAYAL SHARMA: Don't you think it will go beyond Rs. 4,000 crores? You must have made certain calculations. Does the figure of additional taxation come near Rs. 218 crores?

SHRI JASJIT SINGH: I have said that according to the additional levies which were announced on 28th February, the figure would be Rs. 212.2 crores.

DR. SHANKAR DAYAL SHARMA: I am talking about the levies announced now, viz. the second budget. I am referring only to the headline which says: "Indirect taxes may fetch Rs. 218 crores more." Could you tell us as to what is the expectation from indirect taxes now, with the new levy presently levied?

SHRI JASJIT SINGH: I have not got that figure readily but I can furnish it. May I add in this regard that it does not appear that even the correspondent is trying to reflect any figure of what would happen in the supplementary budget?

DR. SHANKAR DAYAL SHARMA: The problem that has arisen is that there is a headline which somehow mentions Rs. 218 crores as the additional levy. I agree that things are different in the body.

SHRI JASJIT SINGH: It is explained in the body.

DR. SHANKAR DAYAL SHARMA: What is the estimate in regard to the new indirect taxes imposed by the Finance Minister? If it happens to be Rs. 218 crores, then it creates difficulty for the Members of Parliament. That is the main question. What I say is not a reflection on you or anybody else.

SHRI B. R. SHUKLA: When a hand-out is given to the Press, is it signed by some officer of the department to indicate as to who is issuing it?

SHRI JASJIT SINGH: This is given by the PIB themselves. At the end of this hand-out, I find the letters HSS. It stands for the name of Mr. H.S. Soni. I do not know whether they do anything else beyond this. I think they call the representatives of PTI and UNI and give them this hand-out.

SHRI B. R. SHUKLA: On or before the meeting held on the 24th July, were you expecting that the rates of indirect taxation are likely to be revised?

SHRI JASJIT SINGH: Some discussions were going on in the Finance Ministry; but nobody knew at that stage as to what the final estimated figures would be.

SHRI H. N. MUKERJEE: You will appreciate the Parliament's concern because even the remotest suspicion of leakage of revenue secrets is a very serious matter. Was this meeting of the 24th July of a routine nature, fixed more or less on a periodic basis which was arranged in the normal course, or was it a special meeting at a particular point of time?

SHRI JASJIT SINGH: The date originally fixed was during May 1974; but the date had to be changed because of the railway strike

as some members had written that they would like to be present where they were and not undertake the journeys at that time. The dates were, therefore, changed. The Finance Minister is the chairman.

SHRI H. N. MUKERJEE: It means that for some extraneous circumstances, this meeting had to take place on the eve of the announcement by the Government on the 31st July of certain additional inputs.

SHRI JASJIT SINGH: Yes, Sir; they were to be given long notices because they had to come from distant places.

SHRI H. N. MUKERJEE: The hand-out given by the PIB was prepared by somebody; did you or your officers see it at that stage?

SHRI JASJIT SINGH: I personally did not see it. In fact, only after this point was discussed in the Lok Sabha, I had called for Mr. Raina and he informed me that as was the usual practice, the Press was not allowed to be present; and at the end of the first day, a hand-out was given by the PIB.

SHRI H. N. MUKERJEE: Can I take it that the hand-out was prepared on the basis of certain notes which had been taken during the time the meeting was in progress?

SHRI JASJIT SINGH: THE P.I.B. Officer himself was present. They might have also consulted some senior officer who was present. I cannot say definitely at this stage. I could not say whether he had consulted some senior officers before he gave this out. Except for one or two figures where he has gone mathematically wrong, the sum and substance has come out as is given by me. This is what I felt after reading the hand-out.

SHRI H. N. MUKERJEE: When you have the meeting of the Advisory Council, do you have notes taken down?

SHRI JASJIT SINGH: Stenographers are present there to take down the same and the minutes are circulated. Follow up action has to be taken so as to tell the Council of the action taken before the Council meets next.

SHRI H. N. MUKERJEE: Was there any general discussion about the economic situation at this particular point of time which was a crucial one and in view of your opening observation or at any other stage, did you make any comments in regard to the state of economy and the measures being taken by the Government?

SHRI JASJIT SINGH: No, Sir. This body is primarily concerned with the rationalisation and simplification of the procedure and bringing to our notice the problems which we can rectify.

SHRI H. N. MUKERJEE: I am a little perturbed by the fact that some of the Members of your Advisory Council present on that occasion who are the leaders of the black money economy in our country, in the trend of discussion perpetrated to give some notion to these people that Government thinking was in the direction of increase in Excise and Customs.

SHRI JASJIT SINGH: I can very categorically say, nothing was mentioned on the subject of Supplementary Budget by anybody.

SHRI H. N. MUKERJEE: This was a purely administrative meeting referring to some statistics in regard to taxation and also about the operation of Customs & Excise.

SHRI JASJIT SINGH: Customs and Central Excise. It is a purely administrative meeting. I must say, it is I who gave them some figures. This was a re-constituted Council and they had no background and I wished to tell them that the body of which they were the Members were responsible for collecting 72.4 per cent.

SHRI H. N. MUKERJEE: There was no occasion for you to make that kind of observation in question.

SHRI JASJIT SINGH: Not at all. I do not think the Chairman of the Board in any case can afford to say anything like that. The question never arose.

SHRI H. N. MUKERJEE: I am sure after an informal discussion it was taken by the people outside, it was done more or less in a very different fashion and in your capacity of a Chairman.

SHRI JASJIT SINGH: There was nothing—formal or informal. Not a word was mentioned on this subject and had it been mentioned, it must come in the minutes of the meeting. Stenographers were there.

SHRI H. N. MUKERJEE: You had made a statement about indirect taxes having risen to 72.4 per cent. Did this topic emerge out of the discussion—in view of the likelihood of indirect taxes rising or declining or anything of that sort? Was it a statement made more or less as a matter of fact?

SHRI JASJIT SINGH: I told them about the growth of Central Excise Revenue and the pattern which had changed. Once Customs was predominant and now Excise had become predominant and starting from 1920-21 upto 1974-75, I just gave them the figures. I

did not read all the figures. Some figures were read out and I handed over the paper to them. This was part of my opening remarks. It is not that this document was demanded by those people from the beginning.

SHRI H. N. MUKERJEE: About the desirability or otherwise of increasing the indirect taxes, was this particular figure mentioned?

SHRI JASJIT SINGH: I shall send the agenda of 45 items and 38 items. This particular thing was not discussed and it was not on the agenda.

SHRI K. G. DESHMUKH: The Correspondent has given one sentence of your opening remarks—about 72.4 per cent. Is it a correct figure as far as you are concerned? I would like to ask you while giving this percentage did you give the slightest impression to the audience there—to the members there—that this revenue of Excise and Customs was rising and there is likelihood of increase in it?

SHRI JASJIT SINGH: There was no question of going beyond 1974-75 estimated budget.

SHRI K. G. DESHMUKH: I asked you this question because the Correspondent says in relation to this percentage that the Supplementary Budget will definitely raise indirect taxes on Customs and Excise during 1974-75. He has taken that impression. I would like to be clear about it and you should be clear about it. This has raised the whole issue.

SHRI JASJIT SINGH: This hand-out was given by the PIB to everybody. If the Committee so thinks, Committee may call for the cuttings of the various other newspapers and see how they put it. It is only this Paper who adds to it; The Paper does not say Chairman stated so.

SHRI K. G. DESHMUKH: This news does not come out of the hand-out only. You have read the Constitution of you Board. There are many non-official members and whatever the remarks were made there, those cannot be kept as confidential in the meeting. They can come out. Correspondents are the non-official members. The news can be passed on to them. There is likelihood of that. That is why I said while making opening remarks, did you give any slightest impression that there is likelihood of increase in taxes?

SHRI JASJIT SINGH: Not the slightest impression.

MR. CHAIRMAN: He repeatedly said so.

SHRI JASJIT SINGH: That would have gone to other papers also.

SHRI SHYAMNANDAN MISHRA: Would you kindly indicate to us the process of calculations which led you to this figure that has been mentioned in the hand-out. Would you submit a note?

SHRI JASJIT SINGH: These were cyclostyled figures prepared by the Tariff Research Unit based on the figures which are printed and I was reading from this. These are printed figures in Explanatory Memorandum and were given at the request of the Members of the Council to them.

SHRI SHYAMNANDAN MISHRA: This represents the estimated actuals during 1974-75.

SHRI JASJIT SINGH: As estimated after including the budget proposals of February 1974. The figure without the extra levies is 3768.94 crores. To this have to be added the fresh levies announced by the Finance Minister, and that figure is 212.02 crores. The total comes to 3980.96 which has been rounded off to 3981 crores.

SHRI SHYAMNANDAN MISHRA: You have included the receipts that would be available on the basis of news proposals made by the Finance Minister.

SHRI JASJIT SINGH: In February, 1974. On 1st March, the newspapers carried the new figures. The Hindustan Times also carries this figure in their edition of 1st March.

SHRI SHYAMNANDAN MISHRA: The Finance Minister has not given us any figure even while presenting the supplementary budget.

SHRI JASJIT SINGH: He has. It was in the press next morning. The figures were given by the Finance Minister in his budget speech on 28th February. It is precisely because of the figures given by him and in other documents that everything appeared in the press next morning. Here is a copy of the Hindustan Times dated 1st March, 1974, which carried the figures which we have given you. This time also everything appeared in the paper next morning.

MR. CHAIRMAN: Mr. Jasjit Singh, you can go now. Please give us the papers asked for. Also please give us a copy of the agenda, notice you gave for the meeting in May, postponement notice and then fixing the new date.

(The witness then withdrew)

(The Committee then adjourned)

APPENDIX I

(See para 11 of the Report)

Resolution of the Government of India, Ministry of Finance (Department of Revenue and Insurance) dated 12th March, 1974, re-constituting the Customs and Central Excise Advisory Council

No. F. 20016/1/74-Coord

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

New Delhi, the 12th March, 1974/21st Phalgun, 1895 (Saka)

RESOLUTION

No. F-20016/1/74-Coord.—The Customs and Central Excise Advisory Council, as constituted under the Ministry of Finance (Department of Revenue and Insurance) Resolution No. F. 20016/1/71-Coord., dated the 23rd June, 1971, is reconstituted as under:—

(i) (a) Chairman—Finance Minister.

(b) Vice-Chairman—Minister of Revenue & Expenditure.

(ii) Two Members of Parliament (one from each House);

(a) Shri P. Bayapa Reddy, Member, Lok Sabha.

(b) Shri S. K. Shilla, Member, Rajya Sabha.

(iii) Six *ex-officio* Members:—

(a) President of the Federation of Indian Chambers of Commerce and Industry;

(b) Vice-President of the Federation of Indian Chambers of Commerce and Industry;

(c) President of the Associated Chambers of Commerce and Industry of India;

(d) President, All India Manufacturers' Organisation;

(e) President, All India Importers' Association;

(f) President, All India Exporters' Chamber;

(iv) Not less than seven members to be nominated by the Government of India from time to time;

1. Shri K. V. Ratnam,
C/o Chegu Krishna Murthy & Co., P. B. No. 307, Guntur
(A.P.).
2. Shri Jimmi N. Gazdar,
Chairman of M/s N. S. Gazdar & Co., Custom House
Clearing Agents, Bombay.
3. Shri Arvind Narottam,
Director of Lalbhai Group of Mills and Atul Products,
Ahmedabad (Gujarat).
4. Shri A. R. Bhat,
Founder President of Federation of Association of Small
Scale Industries of India, Poona.
5. Shri A. K. Baruah,
President, Assam Tea Planters' Association, Jorhat.
6. Shri A. L. Mudaliar,
Managing Director of M/s ICI (I) Pvt. Ltd.,
Calcutta.
7. Shri Ravi L. Kirloskar,
Managing Director of M/s. Kirloskar Electric Co.,
Bangalore.

The Director General, Bureau of Public Enterprises has been nominated to represent the interests of the public sector undertakings.

- (v) Finance Secretary;
- (vi) Chairman, Central Board of Excise and Customs;
- (vii) Members, Central Board of Excise and Customs;
- (viii) Gold Control Administrator.

One of the Secretaries to the Central Board of Excise and Customs will act as Secretary of the Council.

2. The term of office of nominated non-official members shall be two years. The term of office of Members of Parliament shall be two years or till they cease to be Members of Parliament, whichever is earlier.

3. The Chairman of the Council may specially invite any other person or persons to attend any meeting of the Council.

ORDER

Ordered that the Resolution be published in the Gazette of India for general information.

Sd/- (JASJIT SINGH),
Additional Secretary to the Government of India.

APPENDIX II

(See para 11 of the Report)

Dates fixed for the 19th Meeting of the Customs and Central Excise Advisory Council together with dates of intimation to the members of the Council.

(1)

No. F.20017/4/73-Coord.

BHARAT SARKAR|GOVERNMENT OF INDIA

VITTA MANTRALAYA|MINISTRY OF FINANCE

RAJASWA AUR BIMA VIBHAG|DEPTT. OF REV. AND INS.

New Delhi, the 12th March, 1974|16th Phalgun, 1895 (Saka)

Sir,

SUBJECT: *Customs and Central Excise Advisory Council—19th Meeting of—Suggestions for inclusion in the Agenda for—*

It is proposed to hold the 19th meeting of the Customs and Central Excise Advisory Council on the 23rd and 24th May, 1974. You are, therefore, requested to send your suggestions to the undersigned for inclusion in the agenda of the 19th meeting as early as possible but in any case not later than the 10th April, 1974. It may please be noted that suggestions received after that date will not be entertained for the forthcoming meeting.

2. The suggestions may kindly be sent with 13 spare copies separately for (i) Customs (ii) Central Excise and (iii) General Points.

3. Please acknowledge receipt of this letter.

Yours faithfully,

Sd/- P. V. SUBRAMANIAN,

Under Secretary to the Government of India.

(2)

No. F.20017/4/73-Coora.

BHARAT SARKAR|GOVERNMENT OF INDIA

VITTA MANTRALAYA|MINISTRY OF FINANCE

RAJASWA AUR BIMA VIBHAG|DEPTT. OF REV. AND INS.

New Delhi, the 7th May, 1974|17th Vaisakha, 1896 (Saka)

Sir,

SUBJECT: 19th Meeting of the Customs and Central Excise Advisory Council—Intimation reg.—

The 19th meeting of the Customs and Central Excise Advisory Council will be held on the 23rd and 24th May, 1974, in Committee Room 'D' 1st Floor, Vigyan Bhawan, New Delhi.

2. There will be two sittings on the 23rd May, 1974, from 10.00 A.M. to 1.00 P.M. and 3.00 P.M. to 5.00 P.M. The Finance Minister will preside over the meeting from 4.00 P.M. to 5.00 P.M. when more important points will be discussed. There will be one sitting on the 24th May, 1974 from 10.00 A.M. to 1.00 P.M. to discuss remaining matters, if any.

3. The Agenda, with Departments' comments, and a list showing the points not included, giving reasons for their non-inclusion will be sent shortly.

4. Please acknowledge receipt.

Yours faithfully,

Sd/- P. V. SUBRAMANIAN,

Under Secretary to the Government of India.

(3)

STATE

TELEGRAM

EXPRESS

F.20017/4/73-Coord.(.)

19TH MEETING OF CUSTOMS AND
CENTRAL EXCISE ADVISORY COUNCIL POSTPONED
FINREV

N.T.B.T.

Sd/- P. V. SUBRAMANIAN,

Under Secretary to the Government of India.

15-5-1974.

(4)

STATE**TELEGRAM****EXPRESS**

F.20017/4/73-Coord.(.) 19TH MEETING OF CUSTOMS & CENTRAL EXCISE ADVISORY COUNCIL WILL BE HELD ON 24TH & 25TH JULY, 1974 IN COMMITTEE ROOM 'D' VIGYAN BHAVAN, NEW DELHI (.) AGENDA PAPERS WILL FOLLOW SHORTLY(.)

FINREV

N.T.B.T.

Sd/- B. N. BAGCHI,
Under Secretary to the Government of India.
15-6-1974.

APPENDIX III

(See para 11 of the Report)

CUSTOMS AGENDA—CUSTOMS AND CENTRAL EXCISE ADVISORY COUNCIL (19TH MEETING)—

<i>S. No.</i>	<i>Subject</i>
1.	Export of a unmanufactured tobacco to Bangladesh.
2.	Shipping Bills in respect of Tobacco shipments ex-Madras.
3.	Opening of a Customs Clearance House at Begumpet Airport, at Hyderabad.
4.	Condonation of exchange differences: more helpful procedures.
5.	Condonation of the excess amount in the Customs comm of the licence due to difference between the spot rate and the Central Rate of exchange.
6.	Clearance of Emergency Airfreight Consignments: procedural concessions.
7.	Imports from some East European Countries: Problem of the Country of Origin.
8.	Import from Rupee Payment Area.
9.	Import from Rupee Payment Areas.
10.	Issue of Release Advise by Customs.
11.	Clearance of restricted items endorsed in A.U. Licences.
12.	Storage of imported goods in warehouses pending clearance.
13.	Simultaneous framing of Rules by Customs authorities with the issue of Public Notices by C.C.I.&E.
14.	Decisions taken in the Council Meeting should be implemented without delay.
15.	Departmental instructions to Customs Officers— Decision taken at Council and Committee Meetings.
16.	Para 38 ITC — interpretation of policy.
17.	Shipment of Consignment Teas to Rotterdam.
18.	Sale of Consignment Tea by Private Treaty.
19.	Provisional assessment of consignment tea shipped to the UK for the purpose of excise rebate.

<i>S. No.</i>	<i>Subject</i>
20.	Adjustment of Drawback on packing in the Export Duty Payable especially in the case of unmanufactured Tobacco.
21.	Fixation of Drawback on plywood.
22.	Problems connected with the Customs viz., Duty Drawbacks and Customs—Procedural Delays.
23.	Settlement of Customs and Central Excise Drawback Claims.
24.	Reducing delay in Drawback claims payment.
25.	Appellate Tribunals for hearing Customs and Central Excise cases.
26.	Setting up of Appellate Tribunals for bearing appeals relating to Customs and Central Excise Cases.
27.	Detention Certificate — Remission of Port Charges.
28.	Delays in Processing Customs Documents.
29.	Operation of Sections 13 & 23 of the Customs Act.
30.	I.C.T. Classification 75 and 75(4)—Components and Accessories of Trailers.
31.	Disputes Regarding classification on Repetitive Importations.
32.	Duty on packages or containers — Exemption from.
33.	Customs and Central Excise Manuals, Tariff, etc.
34.	Difficulties in the lodging of Export General manifest.
35.	Reconstruction of misplaced or lost shipping bills.
36.	Procedural Delays connected with Chemical Test Report.
37.	Chemical Test Reports by outside agencies.
38.	Collection of Customs dues on Scrap Ships of Indian Origin.
39.	Procedure for levy of duty on scrap ship.
40.	Clearance of chemicals for research and development purposes.
41.	Penalty Order should be issued within stipulated time.
42.	Speeding-up payment of cheques.
43.	Valuation of consignments at source.
44.	Re-import export of goods — import duty regarding.
45.	Payment of Export Duty and AP Cess in respect of tobacco.

APPENDIX IV

(See para 11 of the Report)

CENTRAL EXCISE AGENDA — CUSTOMS AND CENTRAL EXCISE ADVISORY COUNCIL (19TH MEETING)

<i>Item No.</i>	<i>Subject</i>
1.	Execution of Central Excise bonds solvency of obligor and surety — solvency of either obligor or surety may be insisted on, instead of both parties.
2.	Cart Chit Concession.
3.	Present scheme of condonation of shortages.
4.	Export of Sugar — Procedural problems concerning AR-4.
5.	Permission for removal and processing of warehoused tobacco without obtaining fresh sanction from the RO or the Superintendent.
6.	Rigorous controls are now imposed on the movement of fluecured virginia tobacco which is either exported (exempted from duty) or supplied to domestic manufacturers who pay duty at the time of manufacture and hence all controls on the internal movement of manufactured fluecured virginia tobacco can be removed retaining controls on exports and supplies to domestic manufacturers.
7.	Pattern of Excise control on unmanufactured tobacco.
8.	Simplification of Accounting at growers' level.
9.	Lead wrought and unwrought — Classification — Clarification.
10.	Duty on Stampings.
11.	Rebate of duty for replacements.
12.	Filing of price lists Rule 173(C).
13.	Rule 173G(2) — Permission not to show rate and/or amount of duty on gate passes.
14.	Refund of Excise Duty against cancelled gate pass.
15.	Re-processing of Cement — Time limit of six months.

*Item No.**Subject*

16. Excise supervision of exports.
17. Procedure on export consignments.
18. Approval of classification and price lists.
19. Credit under Rule 56(A).
20. Tobacco—Renewal of Licence for a longer period instead of every year.
21. Dealers TP. 3. Concession—Extension to Tobacco on dealer to dealer licences.
22. Several concessions were granted to the tobacco trade from time to time to facilitate easy processing and export of tobacco instead of keeping them as concessions the same may be incorporated in the Act and Rules.
23. Intimation to Excise authorities—Form D-3—Receipt of material.
24. Samples of Cotton Textiles for export markets.
25. Feasibility of fixation of Tariff values for all electric motors without any indication of mounting or voltage—Motors above 150 HP upto and including 500 HP discounts allowed.
26. Demand of duty in case of fire accident.
27. Rule 56-B.
28. Appellate Tribunals for hearing Customs & Central Excise cases.
29. Nellore Division of Central Excise at present attached to the Hyderabad Collectorate to be transferred to Guntur Collectorate.
30. Determination of assessable value on Tobacco products such as Cigarettes.
31. Deposit of duty or penalty pending appeal.
32. Metal containers concession under S.R.P. Rules.
33. Steel casting rejection.
34. Difficulties of Re-rollers.
35. Customs and Central Excise Manuals, Tariffs, etc.
36. Settlement of claims for rebate—Excess Sugar Production.
37. Tariff value of Sugar—Announcement of rate and its implementation.
38. Self Removal Procedure.

APPENDIX V

(See para 11 of the Report)

Transcript of the opening remarks of the Chairman, CBEC at the 19th meeting of the Customs and Central Excise Advisory Council held at 10.00 A.M. on 24-7-1974

CHAIRMAN: We will wait for another two-three minutes. Most of the Members are not here. They might be on the way.

CHAIRMAN: Members of the Advisory Council, Colleagues and gentlemen. I am extremely happy to welcome you all to this 19th meeting of the Customs & Central Excise Advisory Council. As you know this Council was reconstituted by a Resolution of the Government in March this year. Therefore, it is no wonder that, looking around the table, I find very few faces who were there during the last meeting of the Council which was also held in Delhi last year. I would like, therefore, to take this opportunity to very specially extend my and my colleagues cordial welcome to all the Members who are attending this Session for the first time. In the field of indirect taxation we have been making rapid strides. There has been expansion of activity all round and the burden of responsibility thrown on the Customs and Excise had grown over the years. The complexities of the tariff and the valuation system and the complexities of the trade practices and others have necessitated rationalising and simplifying trade and industry procedure in the country. I think it might be of some interest to you if I were to give you a few statistics. Perhaps you know of the growth of revenue over the years in the field of indirect taxation. I have got the position here. In 1920-21 the total revenue from Customs & excise was Rs. 38.6 crores. The pattern then and for nearly three decades thereafter, used to be that customs had a larger share in the total revenue receipts from indirect taxation. At that stage, i.e., in 1920-21 Rs. 29 crores were contributed by Customs and the balance about 9 crores by Union Excise and Salt tax. I have also got the figures of direct taxes but perhaps it may not be quite relevant in this Council which is mainly concerned with Customs and Excise matters. After a decade in 1938-39, the position was that the total revenue was Rs. 61½ crores of which Rs. 44½ crores was from Customs, and balance from excise and salt. In 1950-51, the Customs revenue was Rs. 157

crores and the excise revenue had shown a marked upward trend—67½ crores. Then, a decade later, in 1960-61, you find a marked difference in the trend and, naturally so, because the future of growth of revenue lies with Central Excise which is a tax on local production. In 1960-61 Customs fetched Rs. 170 crores, Excise Rs. 416 crores, making a total of 586 crores. When we come to 1966-67, it is seen that the total contribution of indirect taxation was to the tune of Rs. 1619 crores out of which Excise share was—1034 crores and Customs Rs. 585 crores. Now coming to recent years, in 1970-71, the total figure from indirect taxes was Rs. 2282 crores, out of which excise share was Rs. 1758 crores, customs Rs. 524 crores and last year....

MR. BANSAL: Please repeat the figure of 1970-71 out of which Rs. 1758 crores of the Excise and Rs. 524 crores from Customs?

CHAIRMAN: The total was Rs. 2282 crores out of which Rs. 1758 crores was from Excise and Rs. 524 crores from Customs. Coming to last year i.e. 1973-74 the total figure was Rs. 3608 crores out of which excise was Rs. 2633 crores and Customs about Rs. 975 crores. Now the figures I am giving for 1973-74 are based on revised estimates the actual collection may be little different. The Budget Estimate for this year 1974-75 stand at Rs. 3769 crores. I beg your pardon, it is bit more, Rs. 3045 crores out of which excise figure will be Rs. 3045 crores and Customs Rs. 936 crores. I thought these figures will be very revealing.

MR. SOMAIYA: What is the figure of 1960-61?

CHAIRMAN: It will be further interest to know that the total share of indirect taxes of the total tax receipts of the Government i.e., direct and indirect taxes is 72.40 per cent, out of which excise alone accounts for 55.38 per cent and customs for 17.02 per cent. The direct taxes contribute the balance 27.60 per cent. This is the state of things for the current year 1974-75. I have mentioned these figures because this is of great importance to the forum of which you are esteemed members. The responsibility cast upon this Council relates to streamlining procedure, simplifying them and so on. I have no doubt that during the Council's term of office which will be of two years, the deliberations of this Council will be very much enriched by your enthusiastic and purposeful participation and in due course will be reflected in the streamlining and simplifying of various procedures which is the main function of this body. Since most of you are new to the forum and are coming for the first time, perhaps, a background might not be out of place. This council was constituted for the first time in May 1959 and that was on an experimental basis. The first meeting of the Advisory Council took place somewhere in

September 1959 but in the course of very first few years, this forum proved itself so useful to the Government and also to the trade and industry of the country, that the Government had no hesitation in placing this forum and organising it and constituting it on a permanent basis. And today it is the 19th meeting of this council.

The deliberations of this council have been marked throughout by a free and frank exchange of views and have led to the adoption of several useful suggestions and simplifying, rationalising and streamlining of procedures facilitating trade and industry. This has been possible as there has been, and I must emphasise this, an abundance of mutual goodwill. I shall give two instances, which I have in hand just now, of the initiative taken by this council, apart from many other points, on which procedures have been simplified; one was the question of acceptance of central excise duty by nationalised banks. This point was raised and it received a very quick and ready acceptance from the Finance Minister himself, who took the initiative with the banking department, who gave suitable instructions and, as you all know, this has been done. The second thing is the question of imports from rupee payment areas and the related question of the "country of origin". Now, this has been raised not once but more than once. I must say that it has been pursued so vigorously that the Government have taken a decision, and in fact this is an item in today's agenda also. You will find decision entirely satisfactory from the trade's point of view. I may state, that the council can thus really discharge useful work apart from simplifying the procedures. Now as you know, we were to meet somewhere originally in the middle of May. I apologise, it was not possible because of the railway strike. Now let me say one or two words about the organising of our work. The agenda papers have been circulated and briefs explaining the position have been sent alongwith the agenda papers. In the past members have found this very useful. I hope this time also the departmental briefs will be of much use to the members.

CHAIRMAN: We will now take up the agenda and finish it as quickly as possible.

Attested.

Sd/- (K. P. ANAND)

Secretary.

C.B.E.C.

APPENDIX VI

(See para 11 of the Report)

Hand-out issued by the Press Information Bureau.

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

NO PENAL ACTION ON GOODS FROM RUPEE PAYMENT COUNTRIES CUSTOMS AND CENTRAL EXCISE ADVISORY COUNCIL MEETS IN DELHI

New Delhi, July 24, 1974.

Sravana 2, 1896

The Customs and Central Excise Advisory Council was informed here today that no penal action will be taken in cases where the goods imported from Eastern European countries are found to be products of other countries. The goods will be allowed clearance provided the importance is otherwise in order.

The Government's decision follows representations from Associations and Chambers of Commerce who had stated that the importations were being made in good faith and that while placing indents and opening letters of credit, it was clearly stipulated that the goods should be the manufacture of the concerned country. It was also emphasised that the importer is not at fault as the exporter gives a declaration in the certificate of origin that the goods have been manufactured in the country from which they are permitted to be imported.

The newly constituted Council which met under the chairmanship of Shri Jasjit Singh, Chairman of the Central Board of Excise and Customs, also discussed several problems regarding procedural delays and settlement of customs claims.

The 19th meeting of the Council was attended by prominent representatives of trade and industry. They included Shri K. K. Birla, President, Federation of Indian Chambers of Commerce and Industry, Shri Akbar Hydari, President, Associated Chambers of Commerce and Industry in India, Shri S. K. Somaiya of the All India Manufacturers Association, Shri A. K. Barooah, President, Assam Tea Planters Association, Shri K. B. Ratnam, Shri Jimmi N. Gazdar, Shri Arvind Narotam, Shri A. R. Bhatt and Shri Ravi L. Kirloskar.

Inaugurating the meeting, Shri Jasjit Singh, Chairman of the Central Board of Excise & Customs, outlined the rapid strides made in the field of indirect taxation in the country. An idea of this expansion can be had from the fact that the share of indirect taxes now has grown to 72.4 per cent of the total taxation.

Customs and excise which yielded only Rs. 157 crores in 1950-51, he pointed out, had after 20 years in 1970-71 contributed Rs. 2282 crores to the Central Exchequer. This contribution had increased further and stood at Rs. 3684 crores last year. During 1974-75 it is estimated that customs and excise will yield Rs. 3981 crores of which central excise would contribute Rs. 3045 crores.

Shri Jasjit Singh said that the complexities of evaluation and trade practices have forced them to rationalise procedures and he was happy that the Advisory Councils had always appreciated their difficulties and cooperated in solving the problems.

SHRI Y. B. Chavan, Minister of Finance, will address the Advisory Council tomorrow.

APPENDIX VII

(See Para 11 of the Report)

Statement Showing Revenue Collection from 1920-21 Onwards

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

DIRECTORATE OF TAX RESEARCH

(Rs. in crores)

Year	Direct Taxes	Distribution of Tax Revenue				Grand Total
		Indirect Taxes				
		Customs	Union Excise	Salt Tax	Total	
1	2	3	4	5	6	7
1920-21	22.1 (36.4)	29.05 (47.7)	2.85 (4.7)	6.76 (11.2)	38.66 (63.6)	60.85 (100.0)
1925-26	17.67 (24.2)	45.61 (62.6)	3.21 (4.4)	6.37 (8.8)	55.19 (75.8)	72.86 (100.0)
1931-32	19.12 (25.2)	41.53 (55.0)	6.19 (8.2)	8.78 (11.6)	56.50 (74.8)	75.62 (100.0)
1938-39	20.23 (24.7)	44.51 (54.4)	8.72 (10.6)	8.41 (10.3)	61.64 (75.3)	81.87 (100.0)
1948-49	203.10 (52.7)	130.42 (33.9)	51.66 (13.4)	..	182.08 (47.3)	385.18 (100.0)
1950-51	132.32 (37.0)	157.15 (44.0)	67.54 (19.0)	..	224.69 (63.0)	357.01 (100.0)
1951-52	187.60 (37.1)	231.69 (45.8)	85.78 (17.1)	..	317.47 (62.9)	505.07 (100.0)
1952-53	185.23 (41.3)	178.63 (40.0)	84.73 (18.7)	..	263.36 (58.7)	448.59 (100.0)
1953-54	165.00 (39.1)	161.33 (38.2)	96.06 (22.7)	..	257.39 (60.9)	422.39 (100.0)
1954-55	160.40 (35.0)	187.19 (41.0)	110.36 (24.0)	..	297.55 (65.0)	457.95 (100.0)
1955-56	173.12 (35.7)	166.70 (34.4)	145.25 (29.2)	..	311.95 (64.3)	485.07 (100.0)
1956-57	205.03 (35.7)	176.50 (30.7)	192.75 (33.6)	..	369.25 (64.3)	574.28 (100.0)
1957-58	232.85 (33.5)	185.05 (26.6)	277.12 (39.9)	..	462.17 (66.5)	695.02 (100.0)
1958-59	252.57 (35.5)	142.78 (20.0)	315.99 (44.5)	..	458.77 (64.5)	711.34 (100.0)
1959-60	284.83 (35.0)	160.27 (19.7)	367.39 (45.3)	..	527.66 (65.0)	812.49 (100.0)

1		2	3	4	5	6	7
1960-61	• •	322.54 (35.5)	170.03 (18.7)	416.35 (45.8)	..	586.38 (64.5)	908.92 (100.0)
1961-62	• •	352.19 (33.4)	212.25 (20.1)	489.31 (46.5)	..	71.56 (66.7)	1053.75 (100.0)
1962-63	• •	440.25 (34.03)	245.96 (19.0)	598.83 (46.7)	..	844.79 (65.7)	1285.04 (100.0)
1963-64	• •	569.49 (34.8)	334.75 (20.5)	729.58 (44.7)	..	1064.33 (65.2)	1633.82 (100.0)
1964-65	• •	621.67 (34.1)	397.50 (21.8)	801.51 (44.1)	..	1199.01 (65.9)	1820.68 (100.0)
1965-66	• •	623.78 (30.2)	538.97 (26.1)	897.92 (43.7)		1436.89 (69.8)	2060.67 (100.0)
1966-67	• •	687.36 (29.8)	585.37 (25.4)	1033.77 (44.8)	..	1619.14 (70.0)	2306.50 (100.0)
1967-68	• •	691.08 (29.4)	513.35 (21.8)	1148.25 (48.8)		1661.60 (70.6)	2352.68 (100.0)
1968-69	• •	742.67 (29.6)	446.50 (17.8)	1320.67 (52.6)	..	1767.17 (70.4)	2509.84 (100.0)
1969-70	• •	875.45 (31.0)	423.31 (15.0)	1524.31 (54.0)		1947.62 (69.0)	2823.07 (100.0)
1970-71	• •	924.23 (28.0)	524.02 (16.3)	1758.55 (54.8)		2282.57 (71.1)	3206.80 (100.0)
1971-72	• •	1115.67 (28.8)	695.67 (18.0)	2061.10 (53.2)		2756.77 (71.2)	3872.44 (100.0)
1972-73	• •	1328.81 (29.46)	856.64 (19.00)	2324.25 (51.54)	..	3180.89 (70.54)	4509.70 (100.0)
1973-74 RBE	• • • •	1443.95 (28.58)	974.20 (19.28)	2633.84 (52.14)	..	3608.04 (71.42)	5051.99 (100.0)
1974-75 Budget effect	• • • •	1517.75 ..	916.00 20.05	2852.94 191.97	..	3768.94 212.02	5286.69 212.02
		1517.75 (27.60)	936.05 (17.02)	3044.91 (55.38)	..	3980.96 (72.40)	5498.71 (100.0)

Source: Explanatory Memorandum.

Note: (i) Union Excise revenue includes revenue from (a) basic; (b) additional (c) Special; (d) Regulatory (e) Auxiliary excise duties and cess on coal, salt, cotton, tea, oil and oil seeds and copra etc.

(ii) Figures in brackets indicate the percentage share.

(iii) The above figures exclude refunds but include States' share.

APPENDIX VIII

(See para 11 of the Report)

***Estimates of additional revenue from Central Excise & Customs duties
as a result of the proposals announced by the Finance Minister
on the 31st July, 1974.***

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

TAX RESEARCH UNIT

FINANCE (NO. 2) BILL, 1974

As a result of the proposals announced by the Finance Minister in his speech on 31st July, 1974 in the Lok Sabha while introducing Finance (No. 2) Bill, 1974 (including changes proposed by issue of notifications effective from the 1st August, 1974), the estimated additional revenue from Central Excise and Customs duties will be of the order of Rs. 111.71 crores for the rest of the current financial year 1974-75, the estimate for a full year being Rs. 167.56 crores.

Sd. M. V. N. RAO,
Director (Tax Research)
7-8-1974.

APPENDIX IX

(See para 14 of the Report)

NEWS REPORTS REGARDING THE MEETING OF THE CUSTOMS AND CENTRAL EXCISE ADVISORY COUNCIL HELD ON 24TH JULY, 1974, AS PUBLISHED IN CERTAIN NEWSPAPERS

*1. *The Hindustan Times*, New Delhi

Dated: 25-7-1974

"CLEARANCE FOR ALL EAST EUROPEAN GOODS

NEW DELHI, July 24 (UNI)—The Government has decided to give clearance to goods imported from East European countries even if they are products of other countries, provided the importation is otherwise in order.

The decision, which was announced here today at a meeting of the Customs and Central Excise Advisory Council, follows representations from associations and chambers of commerce who had stated that the importations were being made in good faith and that while placing indents and opening letters of credit, it was clearly stipulated that the goods should be the product of the concerned country."

(p.4).

2. *The Times of India*, Bombay

Dated: 25-7-1974

"IMPORT OF GOODS FROM EAST EUROPE

NEW DELHI, July 24: The Government of India has decided that no penal action will be taken in cases where the goods imported from Eastern European countries are found to be products of other countries. The goods will be allowed clearance provided the importation is otherwise in order, the Customs and Central Excise Advisory Council was informed here today.

* This news item is in addition to the impugned news report published on page 8 of the *Hindustan Times* dated the 25th July, 1974.

The Government's decision followed representations from associations and chambers of commerce who had stated that the importations were being made in good faith and that while placing indents and opening letters of credit, it was clearly stipulated that the goods should be the manufacture of the concerned country. It was also emphasised that the importer is not at fault as the exporter gives a declaration in the certificate of origin that the goods have been manufactured in the country from which they are permitted to be imported.

The newly constituted council which met under the chairmanship of Mr. Jasjit Singh, chairman of the Central Board of Excise and Customs, also discussed several problems regarding procedural delays and settlement of customs claims.

Mr. Jasjit said the share of indirect taxes now had grown to 72.4 per cent of the total taxation of centre.

Customs and excise which yielded only Rs. 157 crores in 1950-51, had increased to Rs. 3,684 crores in 1973-74—P.T.I."

(P. 8)

3. *The Statesman*, Calcutta

Dated: 25-7-1974

"GOODS PRODUCED IN THIRD COUNTRY

Indian Importers Not to be Penalized

From Our Special Representative

NEW DELHI, July 24.—East European countries have started exporting to India goods manufactured in third countries. This has been recognized by the Government which was decided not to penalize importers.

Such a penalty is normally imposed because prior clearance is required for imports made from particular countries. Since the imports are made in good faith, the Government will clear them without question.

This was announced today at a meeting of the Customs and Central Excise Advisory Council. It follows representations made by various chambers of commerce and associations to the council's new chairman, Mr. Jasjit Singh.

Mr. Singh stressed the importance of excise and customs to the exchequer. He noted that the share of indirect taxes had grown

to 72.4 per cent of total taxation. It has estimated that during 1974-75 customs and excise would yield Rs. 3,981 crores of which Central Excise would contribute Rs. 3,045 crores, he added."

(p. 5)

4. *Free Press Journal*, Bombay

Dated: 25-7-1974

"IMPORTS FROM EASTERN EUROPEAN COUNTRIES

NEW DELHI, July 24 (PTI).—The Government of India has decided that no penal action will be taken in cases where the goods imported from Eastern European countries are found to be products of other countries. The goods will be allowed clearance provided the importation is otherwise in order, the Customs and Central Excise Advisory Council was informed here today.

Government's decision follows representations from associations and Chambers of Commerce who had stated that the importations were being made in good faith and that while placing indents and opening letters of credit, it was clearly stipulated that the goods should be the manufacture of the concerned country. It was also emphasised that the importer is not at fault as the exporter gives a declaration in the certificate of origin that the goods have been manufactured in the country from which they are permitted to be imported."

(p. 6)

5. *The Economic Times*, New Delhi

Dated: 27th July, 1974.

"IMPORTS FROM EAST EUROPE TO BE CLEARED

NEW DELHI, July 26.—The Government of India has decided that no penal action will be taken in cases where the goods imported from East European countries are found to be products of other countries. The goods will be allowed clearance provided the import is otherwise in order, the Customs and Central Excise Advisory Council was informed here today, reports—PTI.

Government's decision follows representations from associations and chambers of commerce, who had stated that the importations were being made in good faith and that while placing indents and opening letters of credit, it was clearly stipulated that the goods should be the manufacture of the concerned country. It was also

emphasised that the importer is not at fault as the exporter gives a declaration in the certificate of origin that the goods have been manufactured in the country from which they are permitted to be imported.

The newly-constituted council, which met under the chairmanship of Mr. Jasjit Singh, chairman of the Central Board of Excise and Customs, also discussed several problems regarding procedural delays and settlement of customs claims.

Mr. Jasjit said the share of indirect taxes now had grown to 72.4 per cent of the total taxation of the Centre.

Customs and excise which yielded only Rs. 157 crores in 1950-51, had increased to Rs. 3,684 crores in 1973-74. During 1974-75, customs and excise receipts are estimated to yield Rs. 3,981 crores, of which Central Excise would constitute Rs. 3,045 crores."

(p. 6)

6. *National Herald*, New Delhi

Dated: 25-7-1974.

"CLEARANCE TO IMPORTED GOODS

NEW DELHI, July 24 (UNI)—The Government have decided to give clearance to goods imported from Eastern European countries, even if those are products of other countries, provided the importation is otherwise in order.

The Government decision was announced at the meeting here today of the customs and central excise advisory council."

(p. 3)